

Kentucky continues to be one of the states in the eastern United States with the lowest overall cost of doing business according to Economy.com. The May 2006 edition of the *North American Business Cost Review*, 12th edition, measures the cost of doing business within a state for unit labor cost, tax burden, and energy cost.

Kentucky has been determined to have the second lowest overall cost of doing business when compared to the states within the region and with states that are generally considered to be economic competitors with Kentucky. The index utilized to measure the overall cost of doing business within a state ranks Kentucky as the state with the 5th lowest cost nationally with a state index of 86. The national average index is 100.0.

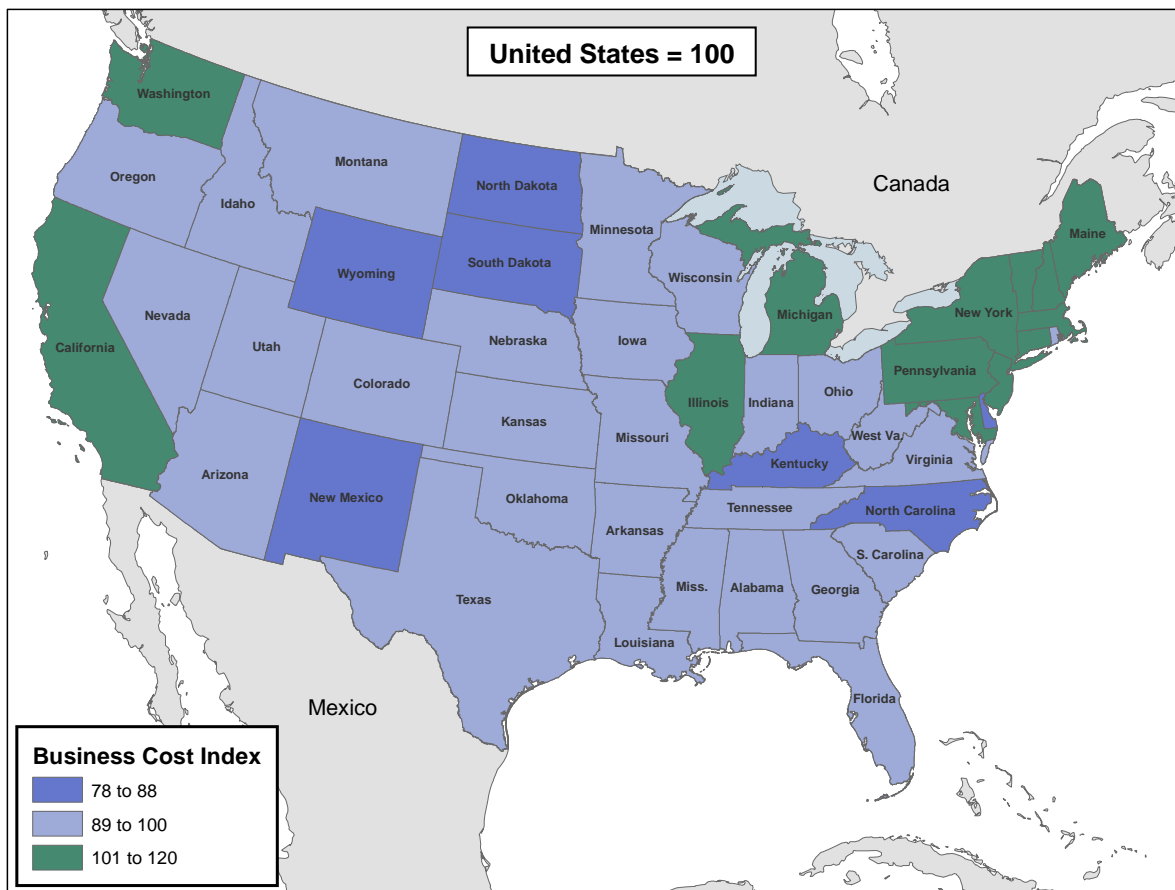
Competitor State Business Cost: 2004

Kentucky's Competitor States	Overall Rank		Unit Labor Cost		Energy Index		State & Local Taxation	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
United States	100.0	-	100.0	-	100.0	-	100.0	-
Competitor State	94	-	97	-	84	-	93	-
North Carolina	84	4	82	3	87	24	96	25
Kentucky	86	5	86	7	67	1	98	26
Virginia	91	10	95	20	76	9	85	7
Indiana	92	12	94	16	79	12	98	29
Tennessee	93	15	97	23	87	23	83	4
South Carolina	93	17	95	21	84	15	91	13
Georgia	94	18	96	22	86	22	89	11
Mississippi	94	20	94	17	96	33	99	30
Missouri	95	21	99	28	76	10	85	8
West Virginia	96	23	100	29	70	3	108	42
Alabama	99	29	104	44	86	21	76	1
Ohio	100	32	100	30	94	29	107	41
Illinois	102	39	102	40	92	27	93	17

Source: Derived from data provided by the *North American Business Cost Review*, 12th Edition, Prepared by Economy.com, Inc.-- Updated May 2006.

Note: A ranking of 1 represents the best condition = lowest business cost.

United States Indices of Relative Business Cost: 2004



Metropolitan Area Business Cost

In addition to Kentucky's superior ranking for low business cost nationally and within the competitive state region, some of Kentucky's major metropolitan areas also stand out as attractive low cost business locations. Lexington, Kentucky has the 22nd lowest overall business cost of the metropolitan areas located within the United States, while Owensboro and Louisville have the 43rd and 44th lowest overall business cost.

--Note: 361 metro areas are indexed for business cost.

Measurement

The economist with Economy.com estimates each component business cost (unit labor cost, energy cost, and state & local taxes) annually. The reported business cost index is a rolling three (3) year average. This methodology creates a more consistent and reliable estimate of business cost. The current relative business cost measure utilized is the average of the period from 2002 to 2004.

Economy.com

<http://www.economy.com/default.asp>

Economy.com, Inc. was founded in 1990 as Regional Financial Associates, Inc. (RFA) and is located in West Chester, Pennsylvania.

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